

# Andrew Bailey warns Boris Johnson: hands off the Bank of England

[John Collingridge](#) and Emma Dunkley  
Sunday August 04 2019, 12.01am, The Sunday Times



Andrew Bailey called the Bank's independence a 'core underpinning' of economic stability

The favourite to be the next governor of the Bank of England has fired a shot across Boris Johnson's bows, warning politicians not to interfere in its running.

Andrew Bailey, chief executive of the Financial Conduct Authority (FCA), said the Bank's independence must be maintained, calling it a "core underpinning" of economic stability.

The prime minister and his lieutenants have repeatedly criticised the Bank and its warnings over the impact of a no-deal Brexit, with Johnson calling on outgoing governor Mark Carney to be "a little more positive" about Britain's options on leaving the EU.

Johnson and his chancellor Sajid Javid are due to choose Carney's successor within months — with Bailey the bookies' favourite to be the 121st governor. Johnson's favourite economist, the pro-Brexit Gerard Lyons, 58, has been touted as an outside bet.

Bailey, 60, who has run the financial watchdog for three years and was previously deputy governor of the Bank, said its independence had been hard won and was worth defending. "Central bank independence is a very important underpinning that has to be there all the time," he said. "You have to be ready to defend it and advocate it in different contexts."

Bailey said running institutions such as the FCA and the Bank, where there is constant scrutiny, was "not comfortable" at times.

Carney, 54, is due to leave next January. On Friday, he told BBC Radio 4 that no-deal would cause a “real economic shock”, resulting in higher prices and rendering a “substantial number” of companies uncompetitive.

Bailey has faced anger over a string of City scandals — including the collapse of London Capital & Finance to the suspension of Neil Woodford’s £3.7bn Equity Income fund in June — which threaten to undermine his credentials as a candidate.

The FCA is preparing to visit a number of asset managers in coming months in the hope of preventing another Woodford-style debacle, which was triggered by liquidity problems.

Bailey said his team would visit asset managers based “on the mixture of the assets they hold” and also “based on intelligence we get”.

The FCA is understood to have contacted some fund managers about the level of unlisted stocks they hold. GAM, which has been embroiled in a scandal over illiquid holdings relating to steel tycoon Sanjeev Gupta, is among the managers the FCA is expected to visit.

Bailey is also exploring other ways for fund managers to measure their ability to trade stocks. He said not all listed stocks were necessarily liquid and easily traded. He is interested in US-style rules that measure the tradeability of stocks by how long they take to sell.